

## **Terry McCrann: Which is it Labor ... are we in recession or can we afford higher power prices?**

Terry McCrann, Herald Sun, March 11, 2019 8:00pm

Subscriber only

Labor's top duo Bill Shorten and Chris Bowen want to have it both ways.

On the one hand, they say the economy is in deep trouble — indeed, that it has actually already slid into recession, according to Bowen, in “per capita” (per person) terms.

**MORE MCCRANN: WHY BOWEN'S RECESSION CALL IS RUBBISH**

**JAMES CAMPBELL: SCOMO IS ROLLING THE DICE ON BOATS**

Yet on the other, that households — and even more, small and medium-sized businesses — who are already paying cripplingly high gas and electricity prices, are actually in such great financial shape that they can happily pay higher and higher prices yet.

And further, that an incoming Labor government can hit investors with over \$200 billion of new taxes and the economy will just keep riding smoothly on.



Shadow treasurer Chris Bowen says Australia is already in a “per capita” recession.

At least they can’t be accused of hiding any of this.

The disastrous economic managers they promise to be — especially Bowen who is on the record as thinking Wayne Swan was one of Australia’s greatest treasurers — is ‘hiding’ not just in plain sight, but in right-in-your face sight.

The so-called “per capita recession” that Bowen came out with last week was just rubbish. Yes, the economy slowed in the second half of last year. In the first half, GDP — the measure of Australia’s economic output — was growing at close to a 4 per cent annual rate. In the second half that fell to around 1 per cent.

But unwelcome as that was — and it does raise questions about where the economy is headed this year and next — any talk of recession is ridiculous. In recessions, jobless queues explode; through the end of 2018 and indeed so far into 2019 as well, they’ve been shrinking.



Consumers are already struggling with surging power prices.

Yes, we do need to beware. That's beware, first of any cold winds that could come blowing into Australia, either south from China or across the Pacific from the US and Wall St in particular.

Any serious slowing in the Chinese economy would hit our economy hard. Any precipitous plunge on Wall St would smash into our share market and our financial system more widely.

Predictions of Chinese economic doom are overstated, but clearly that economy has slowed and we do not really know where it is headed.

Bluntly, we will really only find out when "it gets there".

It is a similar story with the US. We can be more confident that the US economy will continue to be strong, but Wall St — which is trading back near its all-time highs — is likely to be volatile ... and potentially very volatile.

That is to say, this is not a time for taking casual whacks at our economy.

This is not a time to be hitting the drivers of the economy with massive new taxes and higher energy prices. Labor, led by Mr Shorten and Mr Bowen, want to cut carbon emissions 45 per cent by 2030. Picture: Ray Strange.

That is to say, this is not 2007, when the economic sun seemed to be shining brightly in a cloudless sky and Kevin Rudd was able to sell himself as a John Howard Labor-lite look- alike.

Further, whereas back then, it was a complete unknown as to what sort of treasurer Swan would be, Bowen has left us in no doubt.

If indeed he wants to start talking about economic measures in “per capita terms”, what about telling us just how much more punishing Labor’s proposal to slash our emissions of carbon dioxide would actually be.

Labor wants to cut them by 45 per cent in just 11 years, by 2030. Because of our strong population growth, that would actually means cuts of more than 55 per cent in “per capita terms”.

The impact on the economy would be crushing: the closure of more than half our existing coal-fired power stations would send power prices rocketing.

RELATED CONTENT



Fossil fuel sell-off hits Aussie companies  
Fossil fuel sell-off hits Aussie companies



Corporate cop slams big banks  
Corporate cop slams big banks

Cuts of the magnitude proposed by Labor would make our cuts the biggest, by far, of any country in the world.



Wayne Swan, unlike Chris Bowen, was something of an unknown when he became treasurer in 2007. Picture: Glenn Hunt.

Instead of supposedly lagging everyone else, we'd be way out in front — out in front in “combating climate change and destroying your own economy”.

Surely, now that Bowen has made such a big song and dance about economic growth in “per capita terms” he must now only and always talk about CO2 cuts in the same way: just exactly how punishing Labor really wants to be?

And surely he must now talk about how even the government's proposed 26-28 per cent cuts are anything but timid; that even they are among the biggest cuts proposed by any country anywhere in the world.

Of course, whether 26 per cent or 45 per cent — or 35 per cent and 55 per cent in “per capita terms” — it is entirely and exactly pointless. Those cuts can't and won't move the 'Earth's temperature' even by one-ten-thousandth of a degree.

terry.mccrann@news.com.au

